# FISCAL NOTE

# SB 3156 - HB 3637

February 25, 2010

**SUMMARY OF BILL:**   Prohibits the sale or consumption of alcoholic beverages between the hours of 12:00 a.m. and 8:00 a.m. for any establishment licensed by the Alcoholic Beverage Commission (ABC) or that receives a license or permit to operate from a municipal, county or metropolitan form of government. Eliminates a county's authority to extend the hours for the sale of beer.

## ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – Exceeds $594,000**

**Decrease Local Revenue – Exceeds $64,800**
**Increase Local Expenditures – Not Significant**

Assumptions:

- Based on information provided by the Department of Revenue (DOR), five percent of liquor-by-the-drink sales are generated by bars. The peak activity for these establishments is estimated to occur between 12:00 a.m. and 8:00 a.m.
- Accounting for a shift in consumption, approximately 15 percent of liquor-by-the-drink sales that occur in five percent of licensed establishments will be eliminated.
- According to DOR, liquor-by-the-drink establishments accounted for approximately $54 million in liquor-by-the-drink tax revenue in FY08-09.
- There was an estimated $2.7 million in liquor-by-the-drink taxes generated by bars and clubs in FY08-09 ($54,000,000 x 5%); 15 percent of this amount (or $405,000) is estimated to have been generated after midnight.
- Based on information provided by DOR, there were total drink sales of $2.7 million after midnight generating state sales taxes of approximately $189,000 (at a 7% tax rate) and local sales taxes of approximately $64,800 (at an average 2.4% tax rate). The total decrease to state revenue exceeds $594,000 ($405,000 + $189,000) the decrease to local revenue exceeds $64,800.

- No significant increase in local enforcement costs to police the restriction on operating hours.

## CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

*James W. White*

James W. White, Executive Director

/agl